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Phoenix, Arizona 85016  
Telephone (602) 916-5000  
Attorneys for Payson Water Co., Inc.

## BEFORE THE ARIZONA CORPORATION COMMISSION

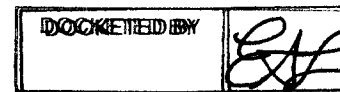
IN THE MATTER OF THE APPLICATION  
OF PAYSON WATER CO., INC., AN  
ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE FAIR VALUE  
OF ITS UTILITY PLANTS AND  
PROPERTY AND FOR INCREASES IN ITS  
WATER RATES AND CHARGES FOR  
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission

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DEC 09 2013



DOCKET NO: W-03514A-13-0142

IN THE MATTER OF THE APPLICATION  
OF PAYSON WATER CO., INC., AN  
ARIZONA CORPORATION, FOR  
AUTHORITY TO: (1) ISSUE EVIDENCE  
OF INDEBTEDNESS IN AN AMOUNT  
NOT TO EXCEED \$1,238,000 IN  
CONNECTION WITH INFRASTRUCTURE  
IMPROVEMENTS TO THE UTILITY  
SYSTEM; AND (2) ENCUMBER REAL  
PROPERTY AND PLANT AS SECURITY  
FOR SUCH INDEBTEDNESS.


## NOTICE OF COMPLIANCE

Pursuant to Decision No. 74175 (October 25, 2013), Payson Water Co., Inc. ("the "Company") hereby submits this Notice of Compliance in the above-captioned consolidated dockets. Decision No. 74175 requires the Company to post a bond or irrevocable sight draft letter of credit in the amount of \$10,000 prior to the implementation of the Phase 1 WIFA loan surcharge.

On November 25, 2013, the Company informed the Commission that it had secured a bond. A copy of the bond is attached as **Exhibit A**. The original bond is being hand-delivered to the Commission's Business Office concurrently with this filing.

1                    RESPECTFULLY SUBMITTED this 6th day of December, 2013.

2                    FENNEMORE CRAIG, P.C.

3  
4                      
5                    By \_\_\_\_\_  
6                    Jay L. Shapiro  
7                    2394 E. Camelback Road  
8                    Suite 600  
9                    Phoenix, Arizona 85016  
10                  Attorneys for Payson Water Co., Inc.

11                  **ORIGINAL** and thirteen (13) copies  
12                  of the foregoing were filed  
13                  this 6th day of December, 2013, with:

14                  Docket Control  
15                  Arizona Corporation Commission  
16                  1200 W. Washington Street  
17                  Phoenix, AZ 85007

18                  **COPY** of the foregoing was hand delivered  
19                  this 6th day of December, 2013, to:

20                  Dwight D. Nodes  
21                  Assistant Chief Administrative Law Judge  
22                  Arizona Corporation Commission  
23                  1200 W. Washington Street  
24                  Phoenix, AZ 85007

25                  Robin Mitchell, Esq.  
26                  Legal Division  
27                  Arizona Corporation Commission  
28                  1200 W. Washington Street  
29                  Phoenix, AZ 85007

30                  Carmel Hood, Compliance  
31                  Utilities Division  
32                  Arizona Corporation Commission  
33                  1200 W. Washington Street  
34                  Phoenix, AZ 85007

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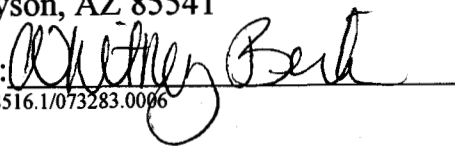
**COPY** of the foregoing was mailed  
this 6th day of December, 2013, to:

Kathleen M. Reidhead  
14406 S. Cholla Canyon Dr.  
Phoenix, AZ 85044

Thomas Bremer  
6717 E. Turquoise Ave.  
Scottsdale, AZ 85253

Bill Sheppard  
6250 N. Central Ave.  
Phoenix, AZ 85012

J. Stephen Gehring  
Richard M. Burt  
8157 W. Deadeye Rd.  
Payson, AZ 85541

By:   
8718516.1/073283.0006

# **EXHIBIT A**

## BOND FOR UTILITY USERS

**KNOW ALL MEN BY THESE PRESENTS:** That we, Payson Water Company, Inc. as Principal, and American Contractors Indemnity Company as Surety are jointly and severally bound unto the users of Principal in the sum of \$10,000.00, lawful money of the United States of America, to be paid as hereinafter provided for which payment will and truly to be made, we bind ourselves and each of our successors and assigns, jointly and severally be these presents.

**THE CONDITIONS OF THIS OBLIGATION ARE THAT:** Whereas, the above bounden Principal is obligated with the users of the Principal for the furnishing of water service.

**NOW THEREFORE,** if the said Principal, or any assigns is ordered by the Arizona Corporation Commission to refund amounts collected under the Debt Service Surcharge approved by the Arizona Corporation Commission in Decision No. 74175, the said Surety will pay the same to the users of Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum herein above specified.

**THE BOND SHALL REMAIN IN FULL FORCE** and effect until cancelled by mutual agreement of the Arizona Corporation Commission, the Principal and the Surety. The Surety's liability shall be terminated and bond cancelled upon written notice of cancellation by the Surety to the Principal with a copy to the Arizona Corporation Commission no less than thirty (30) days prior to the cancellation date. Notice to the Principal shall be by certified mail in a sealed envelope with the postage prepaid. Proof of notice to the Principal shall be made available to the Arizona Corporation Commission upon request.

**IN WITNESS** Whereof, we have caused these presents to be executed this 22nd day of November, 2013.

PAYSON WATER COMPANY, INC.

(Principal)

  
Jason Williamson

AMERICAN CONTRACTORS INDEMNITY COMPANY

(Surety)

  
Jean Paulus, Attorney-in-fact

Attest:



Karla K. Rowe

# POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY  
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, Texas Bonding Company, an assumed name of American Contractors Indemnity Company, United States Surety Company, a Maryland corporation and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

Jean Paulus or Lynn Macchi of Glendale, Arizona

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed \*\*\*\*\*Three Million\*\*\*\*\* Dollars (\$ \*\*3,000,000.00\*\* ).

This Power of Attorney shall expire without further action on December 08, 2016. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings, including any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts, and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 10th day of December, 2012.

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY  
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals



By:

Daniel P. Aguilar, Vice President

State of California

County of Los Angeles SS:

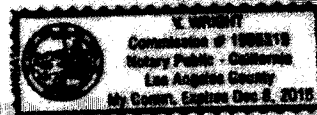
On 10th day of December, 2012, before me, Vanessa Wright, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature

V. Wright

(Seal)



I, Jeannie Lee, Assistant Secretary of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 22<sup>nd</sup> day of November, 2013

Corporate Seals

Bond No.

Agency No. 9050



Jeannie Lee, Assistant Secretary